

JONATHAN E. FIELDING, M.D., M.P.H.
Director and Health Officer

CYNTHIA A. HARDING, M.P.H.
Chief Deputy Director

313 North Figueroa Street, Room 708
Los Angeles, California 90012
TEL (213) 240-8156 • FAX (213) 481-2739

www.publichealth.lacounty.gov



BOARD OF SUPERVISORS

Gloria Molina
First District

Mark Ridley-Thomas
Second District

Zev Yaroslavsky
Third District

Don Knabe
Fourth District

Michael D. Antonovich
Fifth District

May 20, 2014

TO: Each Health Deputy

FROM: Cynthia A. Harding, M.P.H.
Chief Deputy Director

CAH/jb

SUBJECT: **HIV MEDICAL SUBSPECIALTY CONTRACT BETWEEN THE COUNTY OF LOS ANGELES AND AIDS HEALTHCARE FOUNDATION**

This is to provide background on the Department of Public Health's (DPH) Medical Subspecialty Services (MSS) contract with the AIDS Healthcare Foundation (AHF) and context for recent comments by AHF at Agenda Review meetings.

Since 1998, DPH has contracted with AHF to coordinate the provision of medical subspecialty services for persons living with HIV. The HIV medical subspecialty network is commonly referred to as CHAIN (Community HIV/AIDS Intervention Network) and complements the vast network of Ambulatory Outpatient Medical care services supported by the County for persons living with HIV. CHAIN was created to provide medical specialty referrals beyond the scope of primary medical care and that address HIV-related medical complications for persons living with HIV. The referrals cover a broad range of consultation, diagnosis, and therapeutic services. Currently Medical Subspecialty Services include referrals to clinicians with expertise in cardiology; dermatology; ear, nose and throat specialty; gastroenterology; gynecology; neurology; ophthalmology; oncology; oral health; pulmonary medicine; podiatry; proctology; general surgery; urology; nephrology; orthopedics; and obstetrics. AHF provides the infrastructure for maintaining and promoting the CHAIN network and subcontracts with specialists for clinical services.

On August 21, 2012, your Board approved DPH to enter into an agreement with AHF to provide MSS at an annual amount of \$1,469,443 for the term of September 1, 2012 through February 28, 2015. Under this approval, DPH was also granted delegated authority to: (1) provide increases or decreases in funding to the above-referenced contract up to 25 percent above or below each term's annual maximum obligation, effective upon amendment execution or at the beginning of the applicable term; (2) add or modify program requirements; (3) allow for the rollover of unspent funds; and (4) extend the term of the contract through the term ending February 28, 2017.

As you are aware, AHF has recently complained at Agenda Review meetings about DPH's Division of HIV and STD Programs (DHSP) denial of AHF's augmentation request for the MSS contract year that ended February 28, 2014. Please note that there are several important facts to consider in understanding DHSP's reason for the denial. The following is the background relating to AHF's augmentation request:

- Service utilization data submission is required under the contract. DHSP requested such data from AHF through letters and/or emails on August 14, 2013, October 22, 2013, and December 5, 2013. Service utilization information has historically included cost data.
- AHF did not submit correct client-level service utilization and cost data during the entire contract year of March 1, 2013 through February 28, 2014.
- On November 15, 2013, DHSP received an augmentation request from AHF to increase the MSS contract in the amount of \$750,000. (See Attachment 1).
- Necessarily, any consideration of an augmentation request would need to be supported by client-level service utilization data, including cost data.
- On January 7, 2014, DHSP's Medical Director reiterated to Donna Stidham of AHF via email which data elements were expected as part of AHF's data submission, and explicitly noted cost of service as a necessary data element.
- On January 22, 2014, March 28, 2014, and May 20, 2014, DHSP provided formal, written responses to AHF's request for additional funding for AHF's MSS contract (see Attachments 2, 3, and 4). Ultimately, the augmentation request was not supported because AHF still had not supplied correct client-level service utilization data, including cost data. In fact, such data was not submitted in correct form until March 10, 2014 *after the contract year had ended*.
- Without documentation to support AHF's augmentation request DHSP was unable to analyze the merits of the request for additional funding.
- Even if DHSP's analysis of utilization and cost data supported an adjustment to the contract level and DPH/DHSP recommended such action, the AHF augmentation would have exceeded Delegated Authority (\$367,361) and would have required Board approval.

AHF is required under the contract to submit service utilization data. This is not a new MSS contract requirement. DHSP has reviewed past data submissions by AHF under the MSS contract, and found that cost data was included by AHF as part of its previous service utilization data submissions. It should be noted that upon being awarded the MSS contract, AHF negotiated the specific budget and yearly maximum County obligation of the contract with DHSP, including agreeing to the current reimbursement rate. It should also be noted that any augmentation to the agreed upon maximum obligation is at the sole discretion of the County of Los Angeles, and that a contractor is not entitled to payment for any services provided that are above and beyond as specified in the contract.

DHSP is now finalizing its analysis of the data that was submitted in March 2014 in order to best understand patient volume, utilization patterns and procedure costs, and costs tied to consultant specialists, particularly for a patient population with changing and different payers. A preliminary review of the data shows that, among other issues:

- The data set provided in March is formatted differently than the one that AHF had historically submitted, causing unanticipated delay in DHSP's review.
- It appears that in some cases, AHF billed DHSP for clients who had other payers, including Healthy Way LA, in violation of the Ryan White Program's (RWP) payer of last resort provision.
- It appears that in some cases, AHF billed DHSP at rates above the Medicare rates in contradiction with the contract, which pegs the rates to the established Medicare rate for given procedures.
- It appears that in some cases, AHF billed DHSP for procedures not allowed under the contract, including procedures in which an abnormally high cost is associated.

Each Health Deputy
May 20, 2014
Page 3

After completion of the data review, DHSP will convene a meeting with relevant AHF staff to discuss findings tied to service utilization and cost and make recommendations on maximizing resources under the contract for the current contract year (March 1, 2014 – February 28, 2015), as appropriate and allowable. Consideration will be given to amending or otherwise augmenting the current-year contract, but only if there is sufficient cost data to support AHF's assertion that they are providing more services than they are being reimbursed.

CAH:kmb

Attachments

c: Jonathan E. Fielding, M.D., M.P.H.
Greg Polk
Sharon Reichman
Mario J. Pérez, MPH



Sent via email on November 15, 2013

Mario J. Perez
Director
Division of HIV and STD Programs
600 S. Commonwealth Ave. 10th floor
Los Angeles, CA 90005

Re: AHF Request for Additional Allocation for CHAIN, Contract No. PH-002226

Dear Mr. Perez:

AIDS Healthcare Foundation would like to request a funding augmentation of \$750,000. This augmentation will fund budget shortfalls in our current CHAIN program Medical Sub-Specialty Services line item.

The augmentation requested will enable AHF to serve additional clients with the much needed care coordination services that AHF is uniquely positioned to provide. In addition, the augmentation will finance program costs for services AHF currently provides to Ryan White patients that are not funded in existing AHF DHSP contract budgets.

AHF appreciates the ongoing support of DHSP staff over the years. We look forward to continuing our partnership to provide and expand critical HIV/AIDS services in Los Angeles County. Should you require additional information regarding this request please contact me, or Dhanya Hiremath, Grants Manager at Dhanya.Hiremath@aidshhealth.org / 323.860.5277.

Sincerely,

A handwritten signature in dark ink, appearing to read "Patricia Bermudez".

Patricia Bermudez,
Director of Grants Administration
AIDS Healthcare Foundation
Patricia.Bermudez@aidshhealth.org

CC:
Carlos Vega-Matos (DHSP)
David Pieribone (DHSP)
Suthep Chantorn (DHSP)

Lyle Honig
Dhanya Hiremath



JONATHAN E. FIELDING, MD, MPH
Director and Health Officer

CYNTHIA A. HARDING, MPH
Chief Deputy Director

Division of HIV and STD Programs
Mario J. Pérez, Director
600 South Commonwealth Avenue, 10th Floor
Los Angeles, California 90005
TEL (213) 351-8000 • FAX (213) 387-0912

www.publichealth.lacounty.gov

January 22, 2014

Michael Weinstein, President
AIDS Healthcare Foundation
6255 West Sunset Blvd., 21st Floor
Los Angeles, California 90028

Dear Mr. Weinstein:

**AMENDMENT REQUEST DENIED: CONTRACT NO. PH-002226, HIV/AIDS MEDICAL
SUBSPECIALTY SERVICES**

This is in response to Patricia Bermudez's November 15, 2013, request to amend the referenced agreement for the period of March 1, 2013 through February 28, 2014. Division of HIV and STD Programs (DHSP) staff reviewed and **denied** your request.

The reasons for the denial are: (1) the amount requested exceeds DHSP's delegated authority, which would require approval from the Board of Supervisors; and (2) that utilization reports submitted by AIDS Healthcare Foundation (AHF) on December 13, 2013, did not include expenditure data. DHSP requested utilization reports on August 14, 2013 and October 22, 2013. On December 5, 2013, DHSP and AHF staff held a conference call that included a discussion of expenditure data. Specifically, DHSP again asked that expenditure data be provided as it had been in prior contract terms. On January 7, 2014, DHSP's Medical Director, Dr. Sonali Kulkarni, sent an email to Donna Stidham again requesting the expenditure data. To date, DHSP has not received expenditure data.

If you have any questions, need additional information, or require technical assistance please contact Suthep Chantorn, Program Manager, at (213) 351-1118.

Very truly yours,


Mario J. Pérez, Director
Division of HIV and STD Programs

MJP:CVM:sc

R:\Care Services\Medical Services\AGENCIES\AIDS Healthcare Foundation (AHF)\CHAIN\FY 13-14 (YR 23)\Augmentation\AugDenialLtr rev.doc

c: Patricia Bermudez (AHF)
Dhanya Hiremath (AHF)
Donna Stidham (AHF)
Monique Collins

Sonali Kulkarni
Carlos Vega-Matos
Dave Young



BOARD OF SUPERVISORS

Gloria Molina
First District

Mark Ridley-Thomas
Second District

Zev Yaroslavsky
Third District

Don Knabe
Fourth District

Michael D. Antonovich
Fifth District



JONATHAN E. FIELDING, MD, MPH
Director and Health Officer

CYNTHIA A. HARDING, MPH
Chief Deputy Director

Division of HIV and STD Programs
Mario J. Pérez, Director
600 South Commonwealth Avenue, 10th Floor
Los Angeles, California 90005
TEL (213) 351-8000 • FAX (213) 387-0912

www.publichealth.lacounty.gov



BOARD OF SUPERVISORS

Gloria Molina
First District

Mark Ridley-Thomas
Second District

Zev Yaroslavy
Third District

Don Knabe
Fourth District

Michael D. Antonovich
Fifth District

March 28, 2014

Michael Weinstein, President
AIDS Healthcare Foundation
6255 West Sunset Boulevard, 21st Floor
Los Angeles, California 90028

Dear Mr. Weinstein:

AMENDMENT REQUEST DENIED: CONTRACT NO. PH-002460, HIV/AIDS AMBULATORY OUTPATIENT MEDICAL SERVICES AND CONTRACT NO. PH-002226, HIV/AIDS MEDICAL SUBSPECIALTY SERVICES

This is in response to Patricia Bermudez's January 31, 2014, request to amend the above-referenced agreements for the period of March 1, 2013 through February 28, 2014. Division of HIV and STD Programs (DHSP) staff reviewed and denied your request for the reasons outlined below.

Contract No. PH-002460, HIV/AIDS Ambulatory Outpatient Medical (AOM) Services

On January 24, 2014, DHSP sent AIDS Healthcare Foundation (AHF) a letter indicating our intent to amend the above-referenced AOM contract based on a preliminary review of utilization patterns associated with this service and projections of need through the February 28, 2014, contract period. A completed analysis suggested that there was an increase in the number of medical visits by Ryan White Program (RWP)-eligible patients for the budget period of March 1, 2013 through February 28, 2014. As indicated in our January 24, 2014, letter, and based on service utilization and invoice data submitted by AHF, DHSP concluded that the projected costs associated with the increased medical visits could be covered by re-allocating unspent resources from the supplemental allocations for pharmacy, laboratory, and imaging. DHSP received an Acknowledgement of Proposed Adjustments under your signature and dated February 14, 2014, confirming that you concurred with our assessment and proposed course of action.

Contract No. PH-002226, HIV/AIDS Medical Subspecialty Services (MSS)

On January 22, 2014, DHSP sent a letter to your attention denying your request for additional funding related to this contract and outlining the reasons for our decision. The core rationale for the denial remains – the amount requested exceeds the Department of Public Health's 25% delegated authority (DA) associated with this contract, thereby necessitating a formal action by the Board of Supervisors (Board) to complete the amendment. The timing of your request did not allow DHSP sufficient time to seek Board approval within the contract term. The timing constraints were further exacerbated by AHF's failure to submit service utilization data to DHSP that had been requested since the summer of 2013.

Michael Weinstein
March 28, 2014
Page 2

As you may know, a completed data set was not received until March 10, 2014, and is currently being analyzed by DHSP staff.

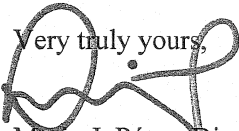
I want to take this opportunity to clarify an apparent confusion related to the DA associated with the above-referenced contracts. As approved by the Board on August 21, 2012, the maximum DA to increase or decrease funding for contract number PH-002226 for MSS is set at 25% of the original contractual amount. As approved by the Board on November 20, 2012, the maximum DA to increase or decrease funding for contract number PH-002460 for AOM services is also set at 25%.

The Board approved a DA of 75% to be triggered only in cases where serious delays in patient migration to Health Way L.A. or other factors related to the implementation of the Affordable Care Act require the RWP to continue serving as the payer of last resort for RWP-eligible patients and medical visits. County Counsel has reviewed other related appeals to amend contracts under the 75% DA, and determined that the threshold for compliance for triggering the use of the 75% DA has not been met.

In addition, please note that the DA for contracts granted under one Board action does not apply to those approved under a separate Board action.

If you have any questions, need additional information, or require technical assistance, please contact Carlos Vega-Matos, Chief of Care Services, at (213) 351-8082.

Very truly yours,

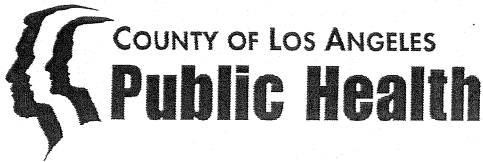


Mario J. Pérez, Director
Division of HIV and STD Programs

MJP:CVM:sc

R:\Care Services\Medical Services\AGENCIES\AIDS Healthcare Foundation (AHF)\CHAIN\FY 13-14 (YR 23)\Augmentation\AmendDenialLtr_doc(EO Assign# 37469)

c: Patricia Bermudez (AHF)
Dhanya Hiremath (AHF)
Donna Stidham (AHF)
Monique Collins
Sonali Kulkarni
Carlos Vega-Matos
Dave Young



JONATHAN E. FIELDING, MD, MPH
Director and Health Officer

CYNTHIA A. HARDING, MPH
Chief Deputy Director

Division of HIV and STD Programs
Mario J. Pérez, Director
600 South Commonwealth Avenue, 10th Floor
Los Angeles, California 90005
TEL (213) 351-8000 • FAX (213) 387-0912

www.publichealth.lacounty.gov



BOARD OF SUPERVISORS

Gloria Molina
First District

Mark Ridley-Thomas
Second District

Zev Yaroslavy
Third District

Don Knabe
Fourth District

Michael D. Antonovich
Fifth District

May 20, 2014

Michael Weinstein, President
AIDS Healthcare Foundation
6255 West Sunset Boulevard, 21st Floor
Los Angeles, California 90028

Dear Mr. Weinstein:

The Department of Public Health (DPH) is in receipt of the unsigned letter and materials recently distributed at an Agenda Review meeting by Miki Jackson regarding AIDS Healthcare Foundation's (AHF) contract with the County of Los Angeles, Contract Number PH-002226, HIV/AIDS Medical Subspecialty Services (MSS). Specifically, AHF is requesting an explanation of why its request for an augmentation of the maximum obligation of its MSS contract was denied.

On January 22, 2014, and March 28, 2014, the Division of HIV and STD Programs (DHSP) provided formal, written responses to AHF's request for additional funding for its MSS contract (please see attached letters). As outlined in those responses, DHSP denied the request for the following reasons:

- AHF failed to submit service utilization data that included cost data to DHSP during the contract year, as required by the MSS contract and as formally requested in writing by DHSP since the summer of 2013. DHSP did not receive the required data until March 10, 2014 – ten days after the second contract year had ended. Without such cost data and documentation, DHSP has no basis to determine the validity of AHF's MSS contract augmentation request.
- The County of Los Angeles' contracting rules preclude DHSP from retroactively amending or augmenting contracts. Since the cost data was not received until after the contract year ended, even if data and documentation supported AHF's request, an augmentation could not be retroactively applied to that contract year.

AHF is required under the contract to submit service utilization and cost data. This is not a new MSS contract requirement as your letter asserts. DHSP has reviewed past data submissions by AHF under the MSS contract, and found that cost data was regularly included as part of AHF's prior service utilization data submissions to DHSP.

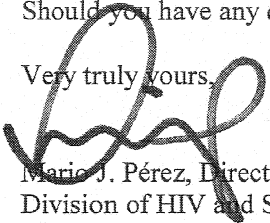
Upon being awarded the MSS contract, AHF negotiated the specific budget and yearly maximum County obligation of the contract with DHSP, including agreeing to the current reimbursement rate. It should also be noted that any augmentation to the agreed upon maximum obligation is at the sole discretion of the County of Los Angeles, and that a contractor is not entitled to payment for any services provided that are above and beyond what is specified in the contract.

Michael Weinstein
May 20, 2014
Page 2

DHSP is finalizing its analysis of the data that was submitted in March 2014 in order to understand patient volume, utilization patterns and procedure costs, and costs tied to consultant specialists under the MSS contract. After completion of this data review, DHSP will convene a meeting with relevant AHF staff in order to discuss its findings regarding service utilization and costs under the MSS contract, and make recommendations to AHF on maximizing resources under the MSS contract for the current contract year (March 1, 2014 – February 28, 2015). At that time, DHSP will also review with AHF staff the required MSS data reporting format, and deadlines for submitting reports and requests for potential augmentations and budget modifications, should they be supported.

Should you have any questions or need additional information, please let me know.

Very truly yours,



Mario J. Pérez, Director
Division of HIV and STD Programs

MJP:s

c: Cynthia A. Harding, MPH